

Message Text

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APPROVED BY EB/ITP/EWT:AJREICHENBACH
COMMERCE - ASOLGA
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FM SECSTATE WASHDC
TO AMEMBASSY PARIS
INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L STATE 040611

EXCON, USOECD

E.O. 11652: XGDS-1

TAGS: ESTC, COCOM, UR

SUBJECT: EXPORT OF CYRIL BATH STRETCH FORMING PRESS TO
USSR IL-1081(A): BTR CASE NO. 243978

REFS: (1) STATE 028657; (2) PARIS 03893; (3) STATE 254407

1) ASSUMING FRENCH DO NOT CONCEDE BY FEBRUARY 21 THAT COCOM
SHOULD REVIEW SALE OF ACB PRESSES TO USSR, USDEL IS
REQUESTED TO SUBMIT THE CYRIL BATH (CB) CASE TO THE COMMITTEE
ON THAT DATE. THE SPECIFICATIONS OF THE CB PRESS IN BLUE
PRINT FORM WERE AIRMAILED FROM COMMERCE ON FEBRUARY 10.
THE TEXT OF THE US SUBMISSION FOLLOWS:
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'I' THE UNITED STATES AUTHORITIES WISH TO AUTHORIZE THE
EXPORT TO AVTOPROMIMPORT, PJATNITSKAJA STREET 50/2, MOSCOW,
USSR, OF ONE STRETCH FORMING PRESS, VALUE 1,329,100 DOLLARS
FOR USE IN FORMING EQUIPMENT ITEMS IN VARIOUS SHAPES FOR
USE IN THE MANUFACTURE OF AIRCRAFT. THE SPECIFICATIONS OF
THIS STRETCH FORMING PRESS ARE:

(A) STRETCH FORCE CAPABILITY: 154 TONS

(B) SIZE: 28 FEET WIDE X 20 FEET DEEP X 18 FEET HIGH

ELECTRO/HYDRAULIC CONTROLS ARE INCLUDED, UTILIZING LINEAR POSITION AND HYDRAULIC PRESSURE SENSING UNITS COUPLED TO A SEMIAUTOMATIC HYDRAULIC UNIT. INITIAL MACHINE POSITIONS ARE MANUALLY SET, WHEREUPON, THE MACHINE IS SUBSEQUENTLY AUTOMATICALLY RECYCLED WHEN OPERATOR INITIATED. NO TOOLING OR DIES ARE INCLUDED.

SPECIFICATIONS OF THIS PRESS IN BLUE PRINT FORM HAVE BEEN DEPOSITED WITH THE SECRETARIAT.

'2' THE UNITED STATES AUTHORITIES NOTE THAT THE SUBJECT PRESS IS TO BE EXPORTED WITHOUT THE TOOLING OR DIES WHICH DETERMINE THE SHAPE OF THE SHEET METAL TO BE STRESS FORMED. THEY TAKE THE POSITION THAT THE PRESS ITSELF, WHICH SUPPLIES THE MOST IMPORTANT INGREDIENT OF POWER, GRIP AND MOTION, IS THE MOST ESSENTIAL ELEMENT. THEY BELIEVE THE EXPORT OF SUCH A PRESS TO THE PROSCRIBED DESTINATIONS SANS TOOLING AND DIES WOULD BE A CONTRAVENTION OF ADMINISTRATIVE PRINCIPLE NO. 3.

'3' THE UNITED STATES AUTHORITIES CONSIDER THE EXPORT OF STRETCH FORMING PRESSES CAPABLE OF WORKING OR FORMING
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AIRCRAFT SHEET, PLATE OR EXTRUSION, SUCH AS THE SUBJECT ONE, TO A PROSCRIBED DESTINATION -- EVEN WITHOUT TOOLING OR DIES -- WOULD ENHANCE THE CAPABILITY OF THAT DESTINATION TO MANUFACTURE MILITARY AIRCRAFT. ORDINARILY, THEY WOULD BE OPPOSED TO THE EXPORT OF SUCH EQUIPMENT TO THOSE AREAS. THEY HAVE REASON TO BELIEVE, HOWEVER, THAT THE FRENCH AUTHORITIES ARE CONTEMPLATING PERMITTING APPARENTLY WITHOUT COCOM REVIEW, THE EXPORT TO AVTOPROMIM PORT OF NINE COMPARABLE STRETCH PRESSES BASED ON THE SAME DESIGN FEATURES AS THE SUBJECT PRESS AND WITH FORCE RANGE OF BETWEEN 300 AND 1,100 TONS.

'4' THE UNITED STATES AUTHORITIES ARE UNSURE WHETHER THE FRENCH AUTHORITIES REGARD THEIR PRESSES AS BEING EMBARGOED OR UNEMBARGOED EQUIPMENT. THE UNITED STATES AUTHORITIES CONSIDER BOTH THE UNITED STATES AND THE FRENCH PRESSES TO BE COVERED BY IL-1081(A) BECAUSE OF THEIR PREDOMINANT USAGE IN THE AIRCRAFT INDUSTRY. INDEED, A COMPARABLE 150 TON PRESS INCORPORATING THE DESIGN CHARACTERISTICS OF THE SUBJECT PRESS WAS FABRICATED IN FRANCE DURING 1965 ON A SUBCONTRACT BASIS FOR THE UNITED STATES APPLICANT FOR USE IN AN AMERICAN AIRCRAFT COMPANY.

'5' GIVEN THE SITUATION DESCRIBED IN PARAGRAPHS 3 AND 4 ABOVE, THE UNITED STATES AUTHORITIES FIND IT DIFFICULT TO DENY AN EXPORT LICENSE TO ITS APPLICANT IF SIMILAR

TYPE EQUIPMENT IS TO BE EXPORTED FROM FRANCE TO THE SAME CONSIGNEE WITHOUT PRIOR REVIEW BY THE COMMITTEE. THEREFORE, FACED WITH APPARENT FRENCH AVAILABILITY, THE UNITED STATES AUTHORITIES REQUEST COCOM APPROVAL OF THEIR TRANSACTION UNDER THE PROCEDURE SET FORTH IN COCOM DOC. REG(77) 1, PARAGRAPH 4(A). THEY WOULD APPRECIATE THE VIEWS OF MEMBER GOVERNMENTS."

2. IN PRESENTING THIS CASE TO THE COMMITTEE, USDEL
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SHOULD STRESS ON THE RECORD THAT WE ARE MOST RELUCTANT TO TAKE THIS ACTION IN THAT IT INVOLVES AN ITEM OF STRATEGIC USE. GIVEN THE SITUATION DESCRIBED IN PARAS 3 AND 4 OF THE ABOVE TEXT, HOWEVER, PARTICULARLY THE APPARENT INTENTIONS OF THE FRENCH TO PERMIT, WITHOUT COCOM REVIEW, EXPORT TO THE USSR OF THE ACB-LOIRE PRESSES, WE CANNOT PENALIZE THE US FIRM BY DENYING ITS EXPORT APPLICATION. USDEL SHOULD INDICATE THAT IF THE FRENCH CONDITION EXPORT OF THEIR PRESSES ON COMMITTEE APPROVAL OF AN EXCEPTIONS REQUEST, WE WILL SUSPEND OUR CASE PENDING THE RESULT OF THAT REVIEW.

3. ANY COMMITTEE DISCUSSION OF THE US CASE IS LIKELY TO INVOLVE (I) ARGUMENTS FROM THE FRENCH THAT THEIR PRESSES ARE DESIGNED FOR AUTOMOBILE PRODUCTION USE AND ARE EITHER (A) UNEMBARGOED OR (B) AT BEST COVERED BY IL 1072 (B) AND (II) CONTENTIONS FROM THE UK THAT SUCH PRESSES HAVE LITTLE OR NO STRATEGIC USE AND THE RESURRECTION OF ITS LAST TWO LIST REVIEW PROPOSALS FOR THE DELETION OF THE 1081 ENTRY. IN ANY DEBATE REGARDING THESE ISSUES, USDEL SHOULD BE GUIDED BY THE FOLLOWING CONSIDERATIONS.

(I) RE THE FRENCH: USDEL SHOULD AVOID IF POSSIBLE INVOLVEMENT IN A LENGTHY TECHNICAL DEBATE OVER THE APPLICABILITY OF 1072(B) COVERAGE OR THE UNEMBARGOED STATUS OF THE ACB-LOIRE MACHINES. OUR OBJECTIVE IS TO FORCE THE FRENCH TO TAKE A POSITION ON THE EMBARGO STATUS OF THEIR PRESSES SO WE CAN RESOLVE THE CB ISSUE ALONG THE LINES SET FORTH IN PARA 2 ABOVE. IF NECESSARY, USDEL MAY DRAW UPON THE TECHNICAL INFORMATION CONTAINED IN REFTELS BUT INsofar AS POSSIBLE AVOID IDENTIFYING THEM OR THE FRENCH REPLIES AS THE SUBSTANCE OF BILATERAL DISCUSSIONS. TO DO SO, WE BELIEVE WOULD VIOLATE THE CONFIDENTIALITY OF SUCH TALKS.
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IF, HOWEVER, THE FRENCH BROACH THE EXTENT AND SUBSTANCE OF THOSE BILATERALS, USDEL, THEN, WOULD BE FREED FROM THIS RESTRICTION. AS FOR FRENCH ARGUMENTS RE THE APPLICABILITY OF 1072(B) TO THE ACB-LOIRE PRESSES, USDEL MAY NOTE THAT

OUR READING OF THE 1072 RECORD IS THAT THIS SUB-ENTRY APPLIES ONLY TO PRESSES FOR FORMING REFRACTORY METALS, SUCH AS NIOBIUM, MOLYBDENUM, TITANIUM AND OTHER METALS, USED IN AEROSPACE APPLICATIONS AND NOT TO STRETCH FORMING PRESSES. IF THE FRENCH PERSIST IN THIS ARGUMENT, USDEL MAY SUGGEST THAT THE SECRETARIAT REVIEW THE 1072 RECORD TO ASCERTAIN WHETHER THERE ARE DISCREPANCIES BETWEEN THE FRENCH AND ENGLISH TEXTS. (THE FRENCH ADMITTED TO SUCH A DISCREPANCY DURING ROUND IV OF THE 1974 75 REVIEW RE IL 1501 BUT THERE IS NO MENTION OF THAT IN THE RECORD OF DISCUSSION.)

(2) RE THE BRITISH: USDEL SHOULD ATTEMPT TO DEFLECT ANY ATTEMPT TO BOG DOWN THE CB CASE IN DEBATES OVER WHETHER 1081 SHOULD BE DELETED. SUCH AN ISSUE IS BEST HANDLED IN THE CONTEXT OF A LIST REVIEW OR, AT MINIMUM, IN THE DEF SERIES. USDEL, HOWEVER, SHOULD REVIEW THE 1971 AND 1974 LIST REVIEW RECORDS RE 1081 AS PREPARATION. OUR RECOLLECTION IS THAT THE DEBATE AT THAT TIME WAS MORE CONCERNED WITH SKIN MILLING AND SPAR PROFILING MACHINERY COVERED BY 1081(B) THAN STRESS FORMING PRESSES OF THE CB TYPE.

4) ABOVE ALL, USDEL SHOULD BEAR IN MIND THAT THE PRIME OBJECTIVE IS TO REACH A SOLUTION TO THE CB CASE AND HE SHOULD ENDEAVOR TO KEEP THIS THE FOCUS OF THE COMMITTEE'S ATTENTION. THE RESULTS OF THE DISCUSSIONS, HOWEVER, MAY PROMPT SUGGESTIONS FROM THE OTHERS THAT THE CB VS. THE ACB-LOIRE ISSUE BE REMANDED TO THE DEF SERIES FOR AN INTERPRETATION OF EMBARGO COVERAGE. IF SUCH A SUGGESTION HAS COMMITTEE SUPPORT, WE CANNOT, OF COURSE, OBJECT TO IT.
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IN THIS EVENT, USDEL SHOULD NEVERTHELESS ENDEAVOR TO KEEP THESE TWO ISSUES SEPARATE WITH THE FIRST PRIORITY ON THE RESOLUTION OF THE CB CASE I.E. IN ADVANCE OF CONSIDERATION AS A DEF SERIES ISSUE. VANCE

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